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March 27, 2002

REGULATORY AUTH.

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OFFICE OF THE  
EXECUTIVE SECRETARY

S. BARTOW STRANG  
1882-1954  
JOHN S. FLETCHER  
1879-1961  
JOHN S. CARRIGER  
1902-1989  
JOHN S. FLETCHER, JR.  
1911-1974  
ALBERT L. HODGE  
1910-1997  
F. THORNTON STRANG  
1920-1999

\* ALSO LICENSED IN GEORGIA  
\* ALSO LICENSED IN ALABAMA

Mr. David Waddell, Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

Re. Electric Power Board of Chattanooga

Dear David:

Please substitute the enclosed two pages for pages 3 and 4 of the report that was filed on March 15, 2002. The substitute pages add information concerning allocation of the expenses of the Board of Directors and Services of the City of Chattanooga.

We are advised the expenses under the categories of Payment Processing, Vehicle Expense, and Marketing and Advertising currently are direct expenses of the Telecommunications Division.

Please contact us if you have any questions or if you need any additional information.

Sincerely yours,



William C. Carriger  
For the Firm

WCC:tm  
EPB/TEL - #103  
Enclosures

**EPB Telecommunications**

## Reporting Requirements

Fiscal Year 2000

**e. Total costs allocated or charged back to each division****Total Allocations to Telecommunications -  
FY 2000**

Expenses	Amount FY 2000
Information Technology	100,580 29
Rental - Poles	34,990 68
Building Rental	68,195 93
Corporate Accounting	38,854 41
Annual Audit & Report	1,825 00
Payroll Benefits	164,584 51
EPB Overhead	83,641 54
Telephone Services	376 30
Board of Directors	954 71
Services of City of Chattanooga	482 40
	<u>494,485 77</u>

## **EPB Telecommunications**

### **Reporting Requirements**

Fiscal Year 2000

#### **f. Updates of the allocation factors used to allocate costs between the electric system and the telecommunications division**

1. Information Technology – Costs were allocated based on the labor and mainframe hours used, and on the number of Telecommunications PC's
2. Rental - Poles - Based on actual number of poles used, their location, and number of feet of conduit used. The dollar charge is the highest EPB charges any outside party for comparable pole attachments.
3. Building Rental - Allocated based on square footage occupied by Telecommunications.
4. Corporate Accounting - Allocated on analysis of accounting functions performed by each employee.
5. Annual Audit & Report – Allocated based on increase in the annual audit fee
6. Payroll Benefits – Pension, Post-retirement, 401K, Life, Disability, & Workers Comp Insurance, Misc. Employee Benefits allocated based on a payroll ratio calculated using total labor dollars.

Health Insurance – Allocated based on the type of insurance policy taken out by each employee.

Dental Insurance - Allocated based on the number of employees.

7. EPB Overhead – Management and administrative personnel including Human Resources. Allocated based on the General Allocator.

Insurance covering Liability, Property, Comprehensive Dishonesty, General Liability, Auto Liability, Directors & Officers Liability, and Umbrella Excess Liability. Allocated based on the number of employees.

8. Telephones – Allocated based on actual number of phones used by Telecommunications.
9. Board of Directors – Allocated based on the General Allocator.
10. Services of City of Chattanooga – Allocated based on the General Allocator.